GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:4682
ANSWERED ON:23.08.2001
IMPOSITION OF TAX ON OIL REFINING
ANANTA NAYAK

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether there was some differences between the State Government of Orissa and his Ministry on the imposition of tax on the oil refining which is being set up at Paradeep;

(b) if so, the details thereof;

(c) whether any steps has been taken to resolve the problems; and

(d) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI SANTOSH KUMAR GANGWAR)

(a) to (d): The sale tax concessions approved by the Orissa Government in December, 1998/August, 1999 for the refinery project were subsequently withdrawn in February, 2000. To make the project viable and competitive, a package of incentives including issuance of 5% seven year maturity bonds by Indian Oil Corporation Limited (IOCL) to Orissa Government in lieu of sales tax, exemption of central sales tax for 30 years, exemption of entry tax on crude oil and certain other tax incentives during the construction period was submitted to the State Government. The State Government have approved in June, 2001, the package of special incentives for the project.